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January 30, 2009

Ms. Ann Cole, Commission Clerk  
Florida Public Service Commission  
2540 Shumard Oak Boulevard  
Tallahassee, FL 32399-0850

Dear Ms. Cole:

In accordance with Florida Public Service Commission's Rule 25-6.0185, Gulf Power Company hereby submits its Fuel Supply Emergency Plan. This plan outlines Gulf's methods of anticipating, assessing, and responding to a fuel supply shortage. There have not been any modifications to this plan since it was previously filed with the Commission on March 1, 2006.

Any inquiries about the specifics of the plan may be directed to Rusty Ball at 850-444-6078.

Sincerely,

A handwritten signature in cursive script that reads "Susan D. Ritenour".

mv

cc: Beggs and Lane  
Jeffrey A. Stone, Esquire  
Gulf Power Company  
Rusty Ball

# **Gulf Power Company**

## **Fuel Supply Emergency Plan**

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### **I. PURPOSE**

The purpose of this procedure is to document Gulf Power Company's (Gulf's) plan for responding to a long-term energy emergency caused by a significant fuel supply shortage.

### **II. DEFINITION**

A fuel supply emergency activating this procedure shall be invoked when evidence exists that indicates that within 45 days or less Gulf will be unable to receive projected fuel supplies sufficient to meet forecasted demand for generation from Gulf's generating units.

### **III. APPLICABILITY**

This procedure applies only to a fuel supply emergency which is: (1) expected to be long term in duration, (2) could not be remedied by alternative sources of fuel, capacity and/or energy, and (3) would result in widespread electricity shortages if no action were taken.

The procedure addresses both a fuel supply emergency that affects Gulf's generating facilities, as defined above, and a fuel supply emergency declared by the Governor of the state of Florida (Sections IV & IX).

### **IV. NOTIFICATION**

Whenever the criteria for a fuel supply emergency for Gulf Power has been met, the Vice President and Senior Production Officer, or designee, shall notify the Chair of the Florida Reliability Coordinating Council's (FRCC) Reliability Assessment Group (RAG) of the existence of such long-term energy emergency.

Whenever the Governor of the state of Florida declares a fuel supply emergency, the Vice President and Senior Production Officer, or designee, shall, at a minimum, notify the appropriate personnel within Gulf Power and the Southern Company, including the Southern Company Power Coordination Center (PCC) in Birmingham, Alabama, and the Vice President of Fuel Services for Southern Company Generation.

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### RESPONSIBILITY/DECLARATION

The Vice President and Senior Production Officer, upon consultation with the VP of Fuel Services for Southern Company Generation and concurrence of the President of Gulf Power, shall be responsible for declaring a fuel supply emergency and initiating the Action Plan contained in this procedure.

## **V. GENERAL**

### ***A. Inventory Planning and Fuel Supply Forecasting***

Southern Company Services, Inc. (SCS), as agent for Gulf Power Company (Gulf), shall forecast the calendar year fuel inventory for each generating plant in Gulf's system by no later than the end of October of the prior year. Such forecasts shall be updated no less frequently than monthly throughout the calendar year.

Whenever such forecasting predicts a fuel supply shortage that has the potential to result in a fuel supply emergency as defined in Section II above, the Vice President and Senior Production Officer, the Fuel Manager, and the Manager of Transmission and Planning at Gulf Power Company shall be notified immediately.

The Vice President and Senior Production Officer shall then implement the appropriate portions of Sections VI. B and C below, and continue to monitor the situation. If the fuel supply shortage situation is deteriorating and does not appear to be remediable, the Vice President and Senior Production Officer shall implement Section V, above, when necessary.

### ***B. Emergency Coordination of Fuel Supplies***

Gulf participates in a centralized fuel procurement program with SCS acting as fuel procurement agent for all the operating companies on the Southern electric system (SES). Fuel is procured in a manner that ensures sufficient quantities of the appropriate fuels will be available to system generation for future needs, barring catastrophic economic or physical events which could result in long-term disruptions to the fuel supply chain.

Although the majority of the Southern Company's fuel supply is procured well in advance, it is normally purchased for individual plants based on plant specific needs. Nevertheless, sharing of fuel resources between plants on the SES can often be accomplished in fuel shortfall situations when the availability of Gulf Power Company's generating units is imperative. Sharing of fuel resources would be implemented any time system integrity is threatened or could not be maintained through the

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interchange of energy on the SES. These actions would normally be taken to prevent an emergency, but could be continued through a fuel supply emergency provided that more critical system resources are not placed in jeopardy.

Any such fuel exchange transactions between affiliates are required to be at cost with both parties being made whole, and must be mutually agreed upon.

SCS coordinates these efforts on behalf of the operating companies in a manner that best maintains system integrity while maximizing the benefits to customers.

### ***C. System Operation and Interchange***

The following actions may be taken, as practical and necessary, to mitigate the effects of a fuel supply emergency prior to implementing any of the demand side reductions in Section VII:

1. Gulf's generation resources may be withdrawn from producing energy for non-territorial sales.
2. Gulf may purchase interchange energy from available systems that are not experiencing fuel shortages in order to conserve whenever resources fall below the level defined in Section II above.
3. Gulf may operate its units out of economic dispatch or on an alternative fuel in order to conserve the type of fuel that is in short supply.
4. Gulf may implement non-traditional fuel transportation measures if the fuel supply emergency is associated with the transport of fuel.
5. Southern Company's Power Coordination Center (PCC) may implement a system alert as appropriate to the extent and nature of the fuel supply emergency.

## **VI. ACTION PLAN**

### ***A. Overview***

This Action Plan is a phased approach to curtailing electricity usage during a fuel supply emergency. When 30 to 45 days of projected fuel supply remain, all practical internal methods of extending and conserving fuel,

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including the steps appropriate to the situation in Section VI. B & C above will be exhausted before implementing Phase 1.

Phase 1 is entirely voluntary, and would be implemented when there are 30 days or less of projected fuel supply availability. Each phase becomes more severe up to the fourth phase, which involves disconnecting all customers except essential services. Phase 2 is implemented when the projected fuel supply reaches 20 days. Phase 3 is implemented at 10 days; Phase 4 is implemented at 5 days of available fuel supply remaining.

### ***B. Phase I (30 days)***

1. Appeal to all customers for voluntary reduction in the use of electricity because of an impending fuel shortage. Appeals will be made through news conferences, news releases, paid advertising, and other means. Listed below are energy conservation recommendations to be stressed in these appeals:
  - a. Gulf will implement the conservation plan for its own facilities.
  - b. Southern Wholesale Energy (SWE) Representatives will meet with all resale customers and apprise them of the fuel situation. At this meeting, SWE will strongly suggest that a public appeal begin immediately by the individual resale customers to their retail customers.
  - c. Gulf will appeal to all customers to:
    - 1) Lower heating thermostats to 65 degrees or less during heating hours and raise cooling thermostats to at least 80 degrees during cooling hours in all conditioned spaces where this action will result in less energy consumption and does not damage equipment and structure. (Except medical exemptions upon advice of a physician.)
    - 2) Reduce all indoor lighting levels as close to minimum safety and task levels as practical. (Particularly commercial and industrial customers.)
    - 3) Eliminate all unnecessary outdoor lighting.
    - 4) Eliminate display lighting and decorative lighting.
    - 5) Reduce parking lot lighting to 50 percent where practical and safety is not compromised.

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- 6) Gulf will give individual customers assistance and advice, on request, regarding conservation measures applicable to specific installations.
- 7) Discontinue use of second and third refrigerators in the household and any unnecessary freezers.

### ***C. Phase 2 (20 days)***

1. Gulf will make a public announcement that a fuel supply emergency exists and that Gulf has been directed to implement the second phase of several energy conservation measures.
2. Commercial, Industrial, and Governmental customers will be requested to take the following steps:
  - a. Eliminate the use of lighting for indoor and outdoor advertising devices and displays and building flood lighting, except for lighting for a single business identification.
  - b. Reduce weekly hours of operation by 20 percent at all retail businesses, institutional facilities, public and private schools, office buildings, and industrial plants, except for vital health and safety institutions which Reduce weekly hours of operation by 20 percent at all retail businesses, institutional facilities, public and private schools, office buildings, and industrial plants, except for vital health and safety institutions which will not be required to close, but, nevertheless, will be expected to effect all possible reductions.
  - c. Lower heating thermostats to 60 degrees or less during heating hours and raise cooling thermostats to at least 80 degrees during cooling hours in transient or "short stay" public and semi-public buildings, such as supermarkets, museums, historical sites, warehouses, and machine shops where this action, in fact, will reduce overall energy consumption and not damage health and property.
  - d. Lower heating thermostat settings in all other conditioned spaces to 65 degrees during heating hours and raise cooling thermostat settings to 80 degrees during cooling hours where this action, in fact, will reduce energy consumption.

In addition to the above steps, residential customers will be requested to curtail their use of certain appliances such as clothes dryers, dishwashers, and the like.

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### ***D. Phase 3 (10 days)***

In this phase, Gulf would take additional actions under this contingency plan to further reduce electric demand, including the following actions, as appropriate:

Implement a rotating distribution feeder disconnect procedure, lower voltage by a small percentage, or take other actions which would affect primarily residential customers to achieve required energy reductions as indicated by the available fuel supply. This plan would be designed to allow rotating disconnects as often as required and utilize Section VII. G, Essential Services.

Residential customers being served in accordance with Gulf's Medically Essential Service Tariff will receive individual notification well in advance of any disconnect. These customers are advised during the application process to either install back-up power or to make adequate plans in case of an outage. Gulf will assist these customers as appropriate.

Request that all industrial customers decrease their energy requirements by an amount up to an additional 20 percent, which is equivalent to a total reduction of two days' operation per week based on a five-day work week.

(Implementation will be accompanied by a news release by Gulf.)

### ***E. Phase 4 (5 days)***

Notify the Chair of FRCC RAG that the fuel supply for electric generation has reached a crisis level and discontinue electric service to all customers except for essential life supporting uses (Refer to Section VII. G.)

(Implementation will be accompanied by a news release by the Gulf.)

### ***F. Relaxation of Action Plan***

Whenever the fuel supply emergency ceases or improves to the point where a lower phase of the Action Plan is sufficient to continue electric service at the current level, the public and the Chair of FRCC RAG will be notified by the Vice President and Senior Production Officer or designee. The relaxation will be consistent with the current fuel supply situation and will be implemented in the reverse sequence of Phases 1-4, above.

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### ***G. Essential Services***

Electric Services that are essential to the health, safety, or welfare of the community shall be given priority on electric service for as long as the situation allows, provided that alternative sources of electric generation/supply are not available to such services.

The following types of customers may be included in this category:

1. Critical Gulf Company facilities
2. Hospitals and similar medical facilities
3. Police and fire stations
4. Certain vital military bases
5. Navigational aids
6. Water and sanitation facilities
7. Critical communications facilities
8. Essential emergency governmental facilities and services
9. Certain food storage and distribution centers

## **VII. GOVERNOR DECLARED EMERGENCY**

Since Gulf Power is west of the Apalachicola River and connected to the Southern Electric System grid, a declaration of a fuel supply emergency by the Governor of the state of Florida may or may not have a direct effect on Gulf's generation resources.

Whenever the Governor's declaration does not have a direct effect on the electric generation resources of Gulf, only portions of this plan will be implemented as appropriate to the situation.

## **VIII. ASSISTANCE**

If other utilities in the state would benefit from the assistance of Gulf Power, Gulf would take whatever steps are prudent and appropriate to provide such assistance, depending on Gulf's fuel projections and the status of the



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generation/transmission system. This assistance would include, but not be limited to:

1. Making surplus fuel available for their use.
2. Maximizing the safe transfer of electricity between our systems.
3. Maximizing voltage support to their system when practical.